

**REPORT OF THE AUDIT OF THE
LINCOLN COUNTY
FISCAL COURT**

**For The Fiscal Year Ended
June 30, 2002**



EDWARD B. HATCHETT, JR.
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE LINCOLN COUNTY FISCAL COURT

**For The Fiscal Year Ended
June 30, 2002**

The Auditor of Public Accounts has completed the Lincoln County Fiscal Court audit for fiscal year ended June 30, 2002. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

Financial Condition:

Fund balances decreased by \$459,306 from the beginning of the year, resulting in a cash surplus of \$1,820,733 as of June 30, 2002.

Debt Obligations:

Total bonded debt principal as of June 30, 2002, was \$1,740,000. Future collections of \$3,396,817 are needed over the next 25 years to pay all bonded debt principal and interest.

Capital lease principal agreements totaled \$1,817,567 as of June 30, 2002. Future principal and interest payments of \$2,763,742 are needed to meet these obligations.

Deposits:

The fiscal court's deposits were insured and collateralized by bank securities or bonds.

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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

Gordon C. Duke, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Ronald W. Gilbert, Lincoln County Judge/Executive

Members of the Lincoln County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and equity arising from cash transactions of Lincoln County, Kentucky, as of June 30, 2002, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Lincoln County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, Lincoln County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and equity arising primarily from cash transactions as of June 30, 2002, of Lincoln County, Kentucky, and the revenues received and expenditures paid for the year then ended, in conformity with the modified cash basis of accounting.



To the People of Kentucky
Honorable Paul E. Patton, Governor
Gordon C. Duke, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Ronald W. Gilbert, Lincoln County Judge/Executive
Members of the Lincoln County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated September 4, 2003, on our consideration of Lincoln County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Lincoln County, Kentucky. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
September 4, 2003

LINCOLN COUNTY OFFICIALS

For The Fiscal Year Ended June 30, 2002

Fiscal Court Members:

Ronald W. Gilbert	County Judge/Executive
Earlin Cress	Magistrate
Bill Dyehouse	Magistrate
John E. Stevens	Magistrate
Terry L. Wilcher	Magistrate

Other Elected Officials:

John E. Hackey	County Attorney
William David Gooch	Jailer
George O. Spoonamore	County Clerk
Edith Cox	Circuit Court Clerk
Shelby R. Lakes	Sheriff
David Gambrel	Property Valuation Administrator
William Demrow	Coroner

Appointed Personnel:

Teresa Padgett	County Treasurer
Patricia Young	Occupational Tax Collector
Jessica Roark	Finance Officer

STATEMENT OF ASSETS, LIABILITIES,
AND EQUITY ARISING FROM CASH TRANSACTIONS

LINCOLN COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND EQUITY ARISING FROM CASH TRANSACTIONS

June 30, 2002

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service Fund Type</u>
<u>Assets and Other Resources</u>			
<u>Assets</u>			
Cash and Cash Equivalents	<u>\$ 1,649,992</u>	<u>\$ 31,379</u>	<u>\$ 145,231</u>
Total Assets	<u>\$ 1,649,992</u>	<u>\$ 31,379</u>	<u>\$ 145,231</u>
<u>Other Resources</u>			
Amounts to Be Provided in Future Years for:			
Capital Lease (Note 5)	<u>\$ 1,817,567</u>	<u>\$</u>	<u>\$</u>
Bond Payments (Note 4)			<u>1,594,769</u>
Total Other Resources	<u>\$ 1,817,567</u>	<u>\$ 0</u>	<u>\$ 1,594,769</u>
Total Assets and Other Resources	<u><u>\$ 3,467,559</u></u>	<u><u>\$ 31,379</u></u>	<u><u>\$ 1,740,000</u></u>

The accompanying notes are an integral part of the financial statements.

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LINCOLN COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND EQUITY
 ARISING FROM CASH TRANSACTIONS
 June 30, 2002
 (Continued)

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service Fund Type</u>
<u>Liabilities and Equity</u>			
<u>Liabilities</u>			
Capital Lease (Note 5)	\$ 1,817,567	\$	\$
Bonds: (Note 4)			
Series 1996			1,740,000
Payroll Liabilities	<u>\$ 21,137</u>		
Total Liabilities	<u>\$ 1,838,704</u>	<u>\$ 0</u>	<u>\$ 1,740,000</u>
<u>Equity</u>			
Fund Balances:			
Reserved	\$	\$ 31,379	\$
Unreserved	<u>1,628,855</u>		
Total Equity	<u>\$ 1,628,855</u>	<u>\$ 31,379</u>	<u>\$ 0</u>
Total Liabilities and Equity	<u><u>\$ 3,467,559</u></u>	<u><u>\$ 31,379</u></u>	<u><u>\$ 1,740,000</u></u>

The accompanying notes are an integral part of the financial statements.

LINCOLN COUNTY
STATEMENT OF ASSETS, LIABILITIES, AND EQUITY
ARISING FROM CASH TRANSACTIONS
June 30, 2002
(Continued)

<u>Fiduciary Fund Type</u>	<u>Proprietary Fund Type</u>	<u>Totals (Memorandum Only)</u>
<u>Trust and Agency</u>	<u>Enterprise</u>	
\$	\$	\$ 1,817,567
		1,740,000
		<u>21,137</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,578,704</u>
\$ 8,058	\$ 15,268	\$ 54,705
		<u>1,628,855</u>
<u>\$ 8,058</u>	<u>\$ 15,268</u>	<u>\$ 1,683,560</u>
<u>\$ 8,058</u>	<u>\$ 15,268</u>	<u>\$ 5,262,264</u>

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

LINCOLN COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

For The Fiscal Year Ended June 30, 2002

	General Fund Type		
	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>			
Schedule of Operating Revenue	\$ 3,737,970	\$ 1,239,795	\$ 861,181
Receipts - Jail Canteen			
Other Financing Sources:			
Transfers In		631,489	
Transfer In from Primary Government			
Lease Proceeds	124,796		
Prior Year Voided Warrants	1,495		
Kentucky Advance Revenue Program	2,116,700		
Total Cash Receipts	<u>\$ 5,980,961</u>	<u>\$ 1,871,284</u>	<u>\$ 861,181</u>
<u>Cash Disbursements</u>			
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 4,216,872	\$ 1,857,979	\$ 823,185
Expenditures - Jail Canteen			
Other Financing Uses:			
Schedule of Other Expenditures			
Transfers Out			
Transfer Out to Component Unit	36,412		
Bonds:			
Principal Paid			
Interest Paid			
Kentucky Association of Counties Leasing Trust - Principal Paid	82,878		
Kentucky Advance Revenue Program Repaid	2,116,700		
Total Cash Disbursements	<u>\$ 6,452,862</u>	<u>\$ 1,857,979</u>	<u>\$ 823,185</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ (471,901)	\$ 13,305	\$ 37,996
Cash Balance - July 1, 2001	<u>964,999</u>	<u>19,635</u>	<u>86,829</u>
Cash Balance - June 30, 2002	<u>\$ 493,098</u>	<u>\$ 32,940</u>	<u>\$ 124,825</u>

The accompanying notes are an integral part of the financial statements.

LINCOLN COUNTY
 STATEMENT OF CASH RECEIPTS,
 CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES
 For The Fiscal Year Ended June 30, 2002
 (Continued)

<u>General Fund Type</u>		<u>Special Revenue Fund Type</u>	
Local Government Economic Assistance Fund	Occupational Tax Fund	Federal Grants Fund	Law Enforcement Facilities Fund
\$ 35,718	\$ 1,081,128	\$ 198,941	\$ 1,923
<u>\$ 35,718</u>	<u>\$ 1,081,128</u>	<u>\$ 198,941</u>	<u>\$ 1,923</u>
\$ 50,750	\$ 61,751	\$ 288,656	\$
631,489			
<u>\$ 50,750</u>	<u>\$ 693,240</u>	<u>\$ 288,656</u>	<u>\$</u>
\$ (15,032)	\$ 387,888	\$ (89,715)	\$ 1,923
47,026	558,110	110,452	8,719
<u>\$ 31,994</u>	<u>\$ 945,998</u>	<u>\$ 20,737</u>	<u>\$ 10,642</u>

The accompanying notes are an integral part of the financial statements.

LINCOLN COUNTY
 STATEMENT OF CASH RECEIPTS,
 CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES
 For The Fiscal Year Ended June 30, 2002
 (Continued)

	Debt Service Fund Type		Enterprise Fund Type
	KACO Leasing Trust/Lincoln County Acquisition		Jail Canteen
<u>Cash Receipts</u>	<u>Account</u>	<u>Corporation</u>	<u>Account</u>
Schedule of Operating Revenue	\$ 2,447	\$ 129,584	\$
Receipts - Jail Canteen			97,017
Other Financing Sources:			
Transfers In		3,321	
Transfer In from Primary Government		36,412	
Lease Proceeds			
Prior Year Voided Warrants			
Kentucky Advance Revenue Program			
Total Cash Receipts	\$ 2,447	\$ 169,317	\$ 97,017
<u>Cash Disbursements</u>			
Comparative Schedule of Final Budget and Budgeted Expenditures	\$	\$	\$
Expenditures - Jail Canteen			104,613
Other Financing Uses:			
Schedule of Other Expenditures	275,650	27,820	
Transfers Out		3,321	
Transfer Out to Component Unit			
Bonds:			
Principal Paid		60,000	
Interest Paid		111,467	
Kentucky Association of Counties Leasing Trust - Principal Paid			
Kentucky Advance Revenue Program Repaid			
Total Cash Disbursements	\$ 275,650	\$ 202,608	\$ 104,613
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ (273,203)	\$ (33,291)	\$ (7,596)
Cash Balance - July 1, 2001	273,203	178,522	22,864
Cash Balance - June 30, 2002	\$ 0	\$ 145,231	\$ 15,268

The accompanying notes are an integral part of the financial statements.

LINCOLN COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES
For The Fiscal Year Ended June 30, 2002
(Continued)

Totals (Memorandum Only)	
<hr/>	
\$	7,288,687
	97,017
	634,810
	36,412
	124,796
	1,495
	2,116,700
\$	<u>10,299,917</u>
\$	7,299,193
	104,613
	303,470
	634,810
	36,412
	60,000
	111,467
	82,878
	<u>2,116,700</u>
\$	<u>10,749,543</u>
\$	(449,626)
	<u>2,270,359</u>
\$	<u><u>1,820,733</u></u>

The accompanying notes are an integral part of the financial statements.

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2002

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Lincoln County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the KACo Leasing Trust/Lincoln County Acquisition Account and the Public Properties Corporation Government Facilities Series 96 Fund as part of the reporting entity.

The KACo Leasing Trust/Lincoln County Acquisition Account is established for the Fiscal Court for the purpose of providing long-term financing for approved projects. A third party trustee maintains the Acquisition Account on the Fiscal Court's behalf; therefore, management must include the Acquisition Accounts as part of the reporting entity and their financial activity is blended with that of the Fiscal Court.

The Public Properties Corporation (the Corporation) is a legally separate entity established to provide long-term debt service for the Fiscal Court. The Corporation's governing body consists entirely of Fiscal Court members. Therefore, management must include the Corporation as a component unit, and the Corporation's financial activity is blended with that of the Fiscal Court.

Additional - Lincoln County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Lincoln County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Lincoln County Fiscal Court's fund types, a definition of each, and county funds included within each fund type are listed below.

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Lincoln County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, Local Government Economic Assistance Fund, and the Occupational Tax Fund.

2) Special Revenue Fund Type

Special Revenue Fund Type accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for the specified purpose. The Lincoln County Special Revenue Fund Type includes the following county funds: Federal Grants Fund and Law Enforcement Facilities Fund.

3) Debt Service Fund Type

Debt Service Fund Type accounts for the accumulation of resources for the payment of general long-term debt principal and interest and includes funds for the Public Properties Corporation Government Facilities Series 96 Fund and the KACo Leasing Trust/Lincoln County Acquisition Account. Debt service is provided through annual transfers from the General Fund Type in the amount of the debt service requirements for the year.

4) Enterprise Fund Type

The Enterprise Fund Type is used to report an activity for which a fee is charged to external users for goods or services. The Lincoln County Enterprise Fund Type includes the jail canteen account, which is maintained by the county jailer.

The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the jail canteen. Technical Audit Bulletin 93-002 provides additional accounting and expenditure guidance for acceptable jail canteen operations. All profit expenditures were for the benefit and/or recreation of the inmates.

5) Fiduciary Fund Type

Fiduciary Fund Type accounts for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. The assets referred to in this audit are prisoner inmate accounts. These accounts are held on behalf of each prisoner until they are either expended for canteen items or refunded upon the prisoner's release.

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years.

D. Legal Compliance - Budget

The Lincoln County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

Formal budgets are not adopted for the Public Properties Corporation Government Facilities Series 96 Fund because bond indentures and other relevant contractual provisions require specific payments to and from this fund annually and transfers are budgeted in the General Fund Type to comply with these requirements. In addition, a formal budget is not adopted for the KACo Leasing Trust/Lincoln County Acquisition Account. The Department for Local Government does not require these funds to be budgeted.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

F. Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following is considered a related organization of Lincoln County Fiscal Court: McKinney Water District.

G. Jointly Governed Organizations

The Stanford/Lincoln County Industrial Authority, whose purpose is to acquire and develop industrial sites and plants for the community, is a joint board of the County and City. The County Judge/Executive, with the approval of the fiscal court, appoints three members and the Mayor, with the approval of the city council, appoints three members. The county has no equity interest.

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system, which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.41 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2002, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 4. Long-Term Debt

On May 1, 1996, the Lincoln County Public Properties Corporation issued thirty-year bonds in the amount of \$1,910,000 for the purpose of constructing a courthouse annex building. The interest rates on the bonds vary between 5.0% and 6.5% over the issue term. Bonds outstanding of the Public Properties Corporation Government Facilities Project Bond Series 1996 Fund are:

<u>Fiscal Year Ended June 30</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
2003	\$ 110,043	\$ 5,000
2004	108,205	35,000
2005	106,368	35,000
2006	104,530	40,000
2007	102,430	40,000
2008-2012	474,672	245,000
2013-2017	393,775	315,000
2018-2022	281,125	430,000
2023-2027	120,900	595,000
Totals	<u>\$ 1,802,048</u>	<u>\$ 1,740,000</u>

In accordance with a sublease agreement between the Administrative Office of the Courts (AOC) and the Lincoln County Fiscal Court dated May 1, 1996, AOC committed itself to participate in providing part of the costs of constructing a courthouse annex through annual use allowance payments equal to \$97,142 per year for the duration of the issue.

Note 5. Capital Lease Agreements

A. On August 21, 1992, the Lincoln County Fiscal Court entered into a 20-year leasing agreement with KACo Leasing Trust for the purchase of an E-911 building facility. Principal payments are due annually by January 20. Principal and interest requirements over the remaining life of the lease are:

<u>Fiscal Year Ended June 30</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
2003	\$ 2,449	\$ 2,000
2004	2,298	3,000
2005	2,085	4,000
2006	1,834	4,000
2007	1,584	4,000
2008-2012	3,778	23,000
Totals	<u>\$ 14,028</u>	<u>\$ 40,000</u>

LINCOLN COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2002
 (Continued)

Note 5. Capital Lease Agreements (Continued)

B. On August 17, 1993, the Lincoln County Fiscal Court entered into a 10-year leasing agreement with KACo Leasing Trust for the purchase of E-911 equipment. Principal payments are due monthly. Principal and interest requirements over the remaining life of the lease are:

<u>Fiscal Year Ended June 30</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
2003	\$ 324	\$ 9,042
2004	10	1,547
Totals	<u>\$ 334</u>	<u>\$ 10,589</u>

C. On April 6, 1996, the Lincoln County Fiscal Court entered into a 23-year leasing agreement with KACo Leasing Trust for the City of Stanford's Pine Hall Water Project. Principal payments are due annually by January 20. Principal and interest requirements over the remaining life of the lease are:

<u>Fiscal Year Ended June 30</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
2003	\$ 26,752	\$ 17,000
2004	25,674	18,000
2005	24,533	19,000
2006	23,330	20,000
2007	22,066	21,000
2008-2012	89,191	120,000
2013-2017	47,398	153,000
2018-2019	4,795	71,000
Totals	<u>\$ 263,739</u>	<u>\$ 439,000</u>

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 5. Capital Lease Agreements (Continued)

D. On April 5, 2001, the Lincoln County Fiscal Court entered into a 10-year leasing agreement with KACo Leasing Trust for the purchase of two fire trucks. Principal payments are due annually by January 20. Principal and interest requirements over the remaining life of the lease are:

<u>Fiscal Year Ended June 30</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
2003	\$ 11,220	\$ 22,000
2004	10,102	23,000
2005	8,934	24,000
2006	7,716	25,000
2007	6,448	26,000
2008-2011	<u>12,117</u>	<u>114,108</u>
Totals	<u>\$ 56,537</u>	<u>\$ 234,108</u>

E. On May 16, 2001, the Lincoln County Fiscal Court entered into a 20-year leasing agreement with KACo Leasing Trust for the construction of a Senior Citizens Center. Principal payments are due annually by January 20. Principal and interest requirements over the remaining life of the lease are:

<u>Fiscal Year Ended June 30</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
2003	\$ 34,140	\$ 20,000
2004	33,024	20,000
2005	31,791	25,000
2006	30,396	25,000
2007	29,000	25,000
2008-2012	122,886	140,000
2013-2017	77,745	185,000
2018-2021	<u>21,768</u>	<u>180,000</u>
Totals	<u>\$ 380,750</u>	<u>\$ 620,000</u>

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 5. Capital Lease Agreements (Continued)

F. During November 2001, the Lincoln County Fiscal Court entered into a 10-year leasing agreement with KACo Leasing Trust for the purchase of a fire truck. Principal payments are due annually on January 20. Principal and interest requirements over the remaining life of the lease are:

<u>Fiscal Year Ended June 30</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
2003	\$ 5,820	\$ 10,395
2004	5,310	10,810
2005	4,778	11,243
2006	4,226	11,692
2007	3,652	12,160
2008-2012	<u>8,809</u>	<u>68,496</u>
Totals	<u>\$ 32,595</u>	<u>\$ 124,796</u>

G. On June 24, 1999, the Lincoln County Fiscal Court entered into a 20-year leasing agreement with KADD Financing Trust for construction costs to complete the second floor of the courthouse annex. Principal and interest requirements over the remaining life of the lease are:

<u>Fiscal Year Ended June 30</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>	<u>Trustee Fee</u>	<u>Total Payment</u>
2003	\$ 16,840	\$ 10,000	\$ 500	\$ 27,340
2004	16,320	10,000	500	26,820
2005	15,880	15,000	500	31,380
2006	15,145	15,000	500	30,645
2007	14,410	15,000	500	29,910
2008-2012	60,845	75,000	2,500	138,345
2013-2017	38,380	105,000	2,500	145,880
2018-2020	<u>8,250</u>	<u>75,000</u>	<u>1,500</u>	<u>84,750</u>
Totals	<u>\$ 186,070</u>	<u>\$ 320,000</u>	<u>\$ 9,000</u>	<u>\$ 515,070</u>

In accordance with a sublease agreement between Administrative Office of the Courts (AOC) and the Lincoln County Fiscal Court dated April 15, 1998, AOC committed itself to participate in providing part of the costs of completing the second floor of the courthouse annex through use allowance payments.

LINCOLN COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 5. Capital Lease Agreements (Continued)

H. On June 15, 2001, the Lincoln County Fiscal Court entered into a 4-year leasing agreement with Ford Motor Credit Company for the purchase of a Sheriff's cruiser. Payments are due annually on June 15. Principal and interest requirements over the remaining life of the lease are:

<u>Fiscal Year Ended June 30</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
2003	\$ 698	\$ 5,368
2004	<u>359</u>	<u>5,706</u>
Totals	<u>\$ 1,057</u>	<u>\$ 11,074</u>

I. On September 18, 2001, the Lincoln County Fiscal Court entered into a 4-year leasing agreement with Ford Motor Credit Company for the purchase of a Sheriff's cruiser. Payments are due annually on September 18. Principal and interest requirements over the remaining life of the lease are:

<u>Fiscal Year Ended June 30</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
2003	\$ 1,012	\$ 6,000
2004	695	6,000
2005	<u>358</u>	<u>6,000</u>
Totals	<u>\$ 2,065</u>	<u>\$ 18,000</u>

Note 6. E-911 Sublease Agreements

A. On August 21, 1992, the Lincoln County Fiscal Court entered into a 20-year leasing agreement with KACo Leasing Trust for the purchase of an E-911 building. On that same date, Lincoln County Fiscal Court and Lincoln County Emergency Communications Commission entered into a sublease agreement which states that for and in consideration of E-911 being allowed to utilize the properties as set up in the KACo Leasing Trust agreement with the county, E-911 will reimburse the county all rental payments as set out in the county's KACo Leasing Trust agreement. As of June 30, 2002, the Lincoln County Emergency Communications Commission was in substantial compliance with the agreement.

B. On August 10, 1993, the Lincoln County Fiscal Court entered into a 10-year leasing agreement with KACo Leasing Trust for the purchase of E-911 equipment. On that same date, Lincoln County Fiscal Court and Lincoln County Emergency Communications Commission entered into a sublease which stated that for and in consideration of E-911 being allowed to utilize properties as set up in the KACo Leasing Trust agreement with the county, E-911 will reimburse the county all rental payments as set out in the county's KACo Leasing Trust agreement. As of June 30, 2002, the Lincoln County Emergency Communications Commission was in substantial compliance with the agreement.

LINCOLN COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2002
 (Continued)

Note 7. City of Stanford Sublease Agreement

On April 4, 1996, the Lincoln County Fiscal Court entered into a 23-year leasing agreement with KACo Leasing Trust for the City of Stanford's Pine Hall Water Project. On that same date, Lincoln County Fiscal Court and the City of Stanford entered into a sublease agreement which stated the City of Stanford will reimburse the county all rental payments as set out in the KACo Leasing Trust agreement. As of June 30, 2002, the City of Stanford was in substantial compliance with the agreement.

Note 8. Insurance

For the fiscal year ended June 30, 2002, Lincoln County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 9. Jail Canteen Note

Presentation of Changes in Assets and Liabilities is required for Trust and Agency Funds. The Jail Inmate Account is presented as a Trust and Agency Fund; therefore, presentation of this information is required.

<u>Jail Inmate Account</u>	<u>Balance July 1, 2001</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2002</u>
Assets:				
Cash With Fiscal Agents	<u>\$ 6,670</u>	<u>\$ 124,518</u>	<u>\$ 123,129</u>	<u>\$ 8,059</u>
Total Assets	<u><u>\$ 6,670</u></u>	<u><u>\$ 124,518</u></u>	<u><u>\$ 123,129</u></u>	<u><u>\$ 8,059</u></u>
Liabilities:				
Amounts Held In				
Custody For Others	<u>\$ 6,670</u>	<u>\$ 124,518</u>	<u>\$ 123,129</u>	<u>\$ 8,059</u>
Total Liabilities	<u><u>\$ 6,670</u></u>	<u><u>\$ 124,518</u></u>	<u><u>\$ 123,129</u></u>	<u><u>\$ 8,059</u></u>

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COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

LINCOLN COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

For The Fiscal Year Ended June 30, 2002

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Type</u>			
General Fund	\$ 3,671,727	\$ 3,737,970	\$ 66,243
Road and Bridge Fund	1,861,993	1,239,795	(622,198)
Jail Fund	877,991	861,181	(16,810)
Local Government Economic Assistance Fund	22,700	35,718	13,018
Occupational Tax Fund	159,049	1,081,128	922,079
<u>Special Revenue Fund Type</u>			
Federal Grant Fund	335,153	198,941	(136,212)
Law Enforcement Fund	<u>2,150</u>	<u>1,923</u>	<u>(227)</u>
Totals	<u>\$ 6,930,763</u>	<u>\$ 7,156,656</u>	<u>\$ 225,893</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 6,930,763
Add: Budgeted Prior Year Surplus			1,595,934
Less: Other Financing Uses			<u>(119,290)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 8,645,987</u>

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SCHEDULE OF OPERATING REVENUE

LINCOLN COUNTY
SCHEDULE OF OPERATING REVENUE

For The Fiscal Year Ended June 30, 2002

<u>Revenue Categories</u>	<u>GOVERNMENTAL FUND TYPES</u>		
	Totals (Memorandum Only)	General Fund Type	Special Revenue Fund Type
Taxes	\$ 1,819,774	\$ 1,819,774	\$
Excess Fees	89,099	89,099	
Licenses and Permits	52,568	52,568	
Intergovernmental Revenues	4,528,698	4,329,857	198,841
Charges for Services	323,970	323,970	
Miscellaneous Revenues	291,663	289,735	1,928
Interest Earned	50,884	50,789	95
Total Operating Revenue	<u>\$ 7,156,656</u>	<u>\$ 6,955,792</u>	<u>\$ 200,864</u>

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

LINCOLN COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

For The Fiscal Year Ended June 30, 2002

Expenditure Categories	GENERAL FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 826,812	\$ 662,687	\$ 164,125
Protection to Persons and Property	1,100,259	1,019,430	80,829
General Health and Sanitation	262,556	221,339	41,217
Social Services	112,821	108,243	4,578
Recreation and Culture	163,626	142,208	21,418
Roads	1,510,615	1,486,984	23,631
Debt Service	70,056	69,502	554
Capital Projects	2,618,265	2,618,265	
Administration	1,286,348	681,879	604,469
 Total Operating Budget - General Fund Types	 \$ 7,951,358	 \$ 7,010,537	 \$ 940,821
Other Financing Uses:			
Transfers to Public Property			
Corporation Bond Fund-			
Principal	10,977	10,977	
Interest	25,435	25,435	
Capital Lease Agreements-			
Principal-			
E-911 Building	3,000	3,000	
E-911 Equipment	8,645	8,645	
Pine Hall Water Project	16,000	16,000	
Fire Trucks	21,000	21,000	
Senior Citizens Building	17,411	17,411	
Sheriff Vehicles	16,822	16,822	
 TOTAL BUDGET - GENERAL FUND TYPES	 \$ 8,070,648	 \$ 7,129,827	 \$ 940,821

LINCOLN COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 For The Fiscal Year Ended June 30, 2002
 (Continued)

Expenditure Categories	SPECIAL REVENUE FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Health and Sanitation	\$ 27,600	\$ 27,600	\$ 0
Capital Projects	428,449	261,056	167,393
TOTAL BUDGET - SPECIAL REVENUE FUND TYPE	<u>\$ 456,049</u>	<u>\$ 288,656</u>	<u>\$ 167,393</u>

SCHEDULE OF OTHER EXPENDITURES

LINCOLN COUNTY
SCHEDULE OF OTHER EXPENDITURES

For The Fiscal Year Ended June 30, 2002

<u>Expenditure Items</u>	KACo Leasing Trust Acquisition Account Senior Citizens Building	Public Properties Corporation Bond Account	Totals (Memorandum Only)
Construction	\$ 275,480	\$	\$ 275,480
Fees	165		165
Payment Credit	5		5
Transfer Out To KADD Sinking Fund		27,820	27,820
Totals	<u>\$ 275,650</u>	<u>\$ 27,820</u>	<u>\$ 303,470</u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

Gordon C. Duke, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Ronald W. Gilbert, Lincoln County Judge/Executive

Members of the Lincoln County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Lincoln County, Kentucky, as of and for the year ended June 30, 2002, and have issued our report thereon dated September 4, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Lincoln County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lincoln County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and the federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than the specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
September 4, 2003

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor
Gordon C. Duke, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Ronald W. Gilbert, Lincoln County Judge/Executive
Members of the Lincoln County Fiscal Court

**Report On Compliance With Requirements
Applicable To Each Major Program And On Internal Control
Over Compliance In Accordance With OMB Circular A-133**

Compliance

We have audited the compliance of Lincoln County, Kentucky, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2002. Lincoln County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Lincoln County's management. Our responsibility is to express an opinion on Lincoln County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lincoln County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Lincoln County's compliance with those requirements.

In our opinion, Lincoln County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.



Report On Compliance With Requirements
Applicable To Each Major Program And On Internal Control
Over Compliance In Accordance With OMB Circular A-133
(Continued)

Internal Control Over Compliance

The management of Lincoln County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Lincoln County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities, and is not intended to be, and should not be, used by anyone other than the specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
September 4, 2003

FINDINGS AND QUESTIONED COSTS

LINCOLN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Fiscal Year Ended June 30, 2002

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Lincoln County.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of Lincoln County were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal awards programs are reported in the Independent Auditor's Report.
5. The auditor's report on compliance for the audit of the major federal awards programs for Lincoln County expresses an unqualified opinion.
6. There are no audit findings relative to the major federal awards programs for Lincoln County reported in Part C of this schedule.
7. The program tested as the major program was: Housing and Urban Development - Disaster Recovery Initiative Program
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Lincoln County was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

REPORTABLE CONDITIONS

None.

NONCOMPLIANCES

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAM
AUDIT

None.

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

LINCOLN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Fiscal Year Ended June 30, 2002

Federal Grantor Program Title <u>Grant Name (CFDA #)</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
Cash Programs:		
<u>U.S. Department of Housing and Urban Development</u>		
Passed-Through State Department for Local Government:		
Community Development Block Grant - McKinney Water District Project (CFDA #14.228)	B-98-DC-21-0001(024)	\$ 27,600
1998 HUD Disaster Recovery Initiative- Lincoln County HUD Disaster (DRI) Project (CFDA # Not Available)	98-100M-00189705	<u>261,057</u>
Total U.S. Department of Housing and Urban Development		<u>\$ 288,657</u>
<u>U.S. Department of Commerce</u>		
Passed-Through Eastern Kentucky PRIDE, Inc.		
PRIDE Community Grant Program (CFDA #11.469)	Not Available	<u>\$ 4,875</u>
<u>U.S. Department of Justice</u>		
Passed-Through State Justice Cabinet:		
JAIBG Juvenile Justice Grant (CFDA #16.523)	Not Available	\$ 9,396
LLEB Grant (CFDA #16.592)	Not Available	<u>7,329</u>
Total U.S. Department of Justice		<u>16,725</u>

LINCOLN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2002
(Continued)

U. S. Federal Emergency Management Agency

Passed-Through State Department
of Military Affairs:

Disaster and Emergency

Assistance Grants-

Coordinator Salary

(CFDA #83.503)

Not Available

\$ 1,213

EOP Update

(CFDA #83.503)

Not Available

1,500

Total U.S. Federal Emergency Management Agency

2,713

Total Cash Expenditures of Federal Awards

\$ 312,970

LINCOLN COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Fiscal Year Ended June 30, 2002

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Lincoln County, Kentucky, and is presented on a modified cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

Note 2 - As required by this grant agreement, all program moneys received by the recipient after the completion of all recipient grant activities shall be used by the recipient for community or economic development activities eligible for assistance under Title I of the Housing and Community Development Act of 1974, so specified in the Commonwealth of Kentucky's Community Development Block Grant Eligible Activities Policy Statement.

Note 3 - The federal expenditures for the Housing and Urban Development - Disaster Recovery Initiative program includes grants to subrecipients as follows:

<u>Subrecipient</u>	<u>Number</u>	<u>Pass-through Grant Amount</u>
City of Stanford	Not Available	\$171,240

CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

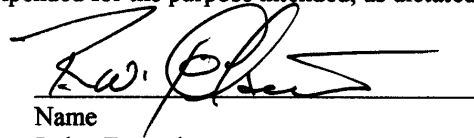
LINCOLN COUNTY FISCAL COURT

For The Fiscal Year Ended
June 30, 2002

CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC DEVELOPMENT PROGRAM
LINCOLN COUNTY FISCAL COURT

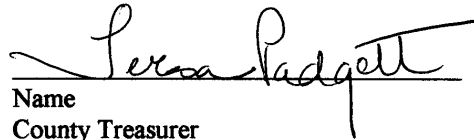
Fiscal Year Ended June 30, 2002

The Lincoln County Fiscal Court hereby certifies that assistance received from the Local Government Economic Development Fund was expended for the purpose intended, as dictated by the applicable Kentucky Revised Statutes.



Handwritten signature of the Judge Executive, appearing to be "L. W. [unclear]".

Name
Judge Executive



Handwritten signature of the County Treasurer, appearing to be "Lessa Padgett".

Name
County Treasurer